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1960
ANNUAL
REPORT

PRAIRIE
OIL
ROYALTIES
COMPANY, LTD.



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PRAIRIE OIL ROYALTIES COMPANY, LTD.

Annual Report FOR FISCAL YEAR ENDED JUNE 30, 1960

BOARD OF DIRECTORS:

John B. Aird	Toronto, Ontario
Jack Coles	New York, New York
Ross H. Faulkner	New York, New York
Benjamin Heffner	New York, New York
Joseph H. Hirshhorn	Toronto, Ontario
Roger Jeanty	Toronto, Ontario
M. A. MacPherson	Regina, Saskatchewan
Winfield H. Perdun	New York, New York
R. R. Rusmisel	New York, New York

OFFICERS:

John B. Aird	President & Treasurer
D. M. Tyerman	Secretary

HEAD OFFICE:

2236 Albert Street, Regina, Saskatchewan

COUNSEL:

MacPherson, Leslie and Tyerman, Regina,
Saskatchewan
Simpson Thacher and Bartlett, New York, New York

AUDITORS:

Ross, Touche & Co., Toronto, Ontario

MANAGEMENT:

Devon-Palmer Oils Ltd. (No Personal Liability)
Calgary, Alberta.

TRANSFER AGENT & REGISTRAR:

The Toronto General Trusts Corporation, Regina,
Saskatchewan

CO-TRANSFER AGENT & REGISTRAR:

The Royal Trust Company, Toronto, Ontario

CO-TRANSFER AGENT:

Morgan Guaranty Trust Company of New York,
New York.

CO-REGISTRAR:

Chemical Bank New York Trust Company,
New York, New York

STOCK EXCHANGE LISTINGS:

Toronto Stock Exchange, Toronto, Ontario
American Stock Exchange, New York, New York.

To the Shareholders:

The Board of Directors of Prairie Oil Royalties Company, Ltd. is pleased to present The Company's Annual Report for the year ended June 30, 1960. This Report contains financial statements as examined by the Company's auditors, a summary of land holdings, a statement of crude oil reserves and a review of activities of importance during the past year. As in previous reports the Company's oil reserves were determined by Devon-Palmer Oils Ltd. and examined and approved by the Consulting firm of J.C.Sproule and Associates Ltd., Calgary.

Well completions on Company acreage in Saskatchewan continued at the rate of approximately four per month. A total of 42 oil wells and one gas well were completed during the past year, 37 of which were located in the medium gravity Midale-Weyburn area. This area is still receiving active development and it is expected that several additional wells will be drilled on Prairie acreage during the coming year.

Prairie's net daily oil production increased appreciably during the past year with the average for that period being 418 BOPD, which figure compares favorably with that of 335 BOPD for the last half of the previous year. Production at the year's end was 33% higher than at the beginning of the year and is now at approximately 470 BOPD.

The Company's total net oil reserves showed a modest increase over the previous year. As of the year end proven net oil reserves to the Company interest were 1,270,877 barrels, an increase of 112,593 barrels.

Subsequent to the year's end the Company, with a partner, drilled a successful development oil well in the Midale Field of Southeastern Saskatchewan. The well, Devon-Palmer Prairie Oil Royalties Midale 15-2-6-11 W2M, in which the Company holds a 75% working interest, was recently completed as a Midale zone oil well with an initial potential of 70 BOPD. This venture marks the first time the Company has actively participated in the development of oil and gas reserves in Saskatchewan.

With the settlement of the Freeholders' dispute (which confirmed Prairie's 30% gross interest in the Freeholders' Pool) revenues from the properties involved are now being received regularly. It is also of note that leases on a substantial portion of the undeveloped acreage in the Freeholders' Pool have now expired leaving Prairie with a 30% mineral interest. The Supreme Court of Canada has recently decided the Meyers and Lee vs Freeholders Oil Company Limited and The Canada Permanent Trust Company case in favour of the companies. The importance of the decision cannot be overstated as it relates to the fundamental validity of your Company's mineral and royalty rights. In addition, the decision is of paramount importance to all companies participating in oil exploration and development in Western Canada. Preliminary discussions have already been instituted with Freeholders Oil Company Limited with a view to the exploration and development of the lands held under joint account with Freeholders.

The Company continued to increase its share interest in British Columbia Oil Lands Ltd. (NPL) and now holds 191,561 shares, being 22.9% of the outstanding stock of that

company. British Columbia Oil Lands Ltd. has varied interests in 2,051,786 acres of Permits in the Fort Nelson area of Northeastern British Columbia. Important gas discoveries have been made on and near that company's acreage over the past two years and it is now reasonable to anticipate that very large gas reserves underly properties of British Columbia Oil Lands. The Company has been advised that plans for extension of pipeline facilities to this area are well advanced and the management hopes for commencement of gas sales from the area by 1963. A detailed discussion of the British Columbia Oil Lands' holdings and activities, for the information of our shareholders, is presented in the text of this report.

The Company accepted the assignment of 53,380 acres of Crown leases in South-eastern Saskatchewan, which acreage has been held by Shell Oil Company and on which Prairie held a 2 1/2% gross overriding royalty. An additional 20,000 acres were surrendered by the same company, but were not considered to have sufficient geological prospects to justify Prairie's accepting an assignment. An agreement was entered into with Ambassador Oil Corporation covering 50,010 acres, reserving a 5% gross overriding royalty to Prairie. In addition Ambassador has agreed to drill a minimum of four exploratory wells on or offsetting this acreage and to pay Prairie a bonus consideration equivalent to the first year's rental. The balance of these Crown leases was then farmed out to other operating companies.

Prairie entered the long-term Arctic Islands exploration program at the end of the present fiscal year by filing on permits totalling 531,500 acres. This land will be pooled with other permits filed on by associated companies. Prairie will then have an 11 1/2% interest in a total of 4,672,000 acres. The various permits will cover parts of eight different islands with a variety of geological prospects. The Arctic Islands are recognized as a major potential supply of oil and gas and high interest in that area has been shown by major companies as well as Canadian independents.

Although it is premature to discuss in any detail the effect that the Mineral Contracts Renegotiation Act of Saskatchewan will have on the Company's properties, the Board of Directors is pleased to note that complaints have been filed in respect to only approximately 3 1/2% of the acreage held by the Company. The time for filing of claims by any parties has now expired and it is expected that hearings of the present complaints will be held in the near future. The Company plans to defend actively its position in this matter.

The Company's profit before income tax for the year under review was a record \$158,184, an increase of \$114,306, reflecting a record gross income from its royalty and mineral interest of \$259,772. The past year's revenues include that from the Freeholders' Pool, the income from which was previously held in trust, while amounts attributable to previous years were carried directly to Earned Surplus. Improved marketing conditions in the Midale and Weyburn fields where the Company has substantial royalty interests also accounted for an appreciable portion of the rise in income.

Respectfully submitted on behalf of the Board.

JOHN B. AIRD

President

November 30, 1960

PRAIRIE OIL ROYALTIES COMPANY, LTD.

Balance Sheet

ASSETS

	1960	1959
CURRENT ASSETS		
Accounts receivable	<u>\$ 81,567</u>	<u>\$ 14,073</u>
INVESTMENT, at cost		
Shares of British Columbia Oil Lands Limited (market value 1960-\$2,250,842, 1959-\$1,972,952)	<u>813,281</u>	<u>568,131</u>
CAPITAL ASSETS, at cost (Note 1)		
Producing properties	190,712	247,319
Less accumulated depletion	64,150	66,831
	126,562	180,488
Non-producing properties	<u>1,648,255</u>	<u>1,185,214</u>
	<u>1,774,817</u>	<u>1,365,702</u>
Approved on behalf of the Board		
JOHN B. AIRD, Director		
ROSS H. FAULKNER, Director		
<u>\$2,669,665</u>		
<u>\$1,947,906</u>		

PRAIRIE OIL ROYALTIES COMPANY, LTD.

as at June 30, 1960

LIABILITIES

	1960	1959
CURRENT LIABILITIES		
Bank overdraft, secured	\$ 92,203	\$ 4,391
Bank loan, secured	—	150,000
Accounts payable	88,821	43,499
Income tax (Note 2)	<u>3,600</u>	<u>—</u>
	<u>184,624</u>	<u>197,890</u>

SHAREHOLDERS' EQUITY

CAPITAL STOCK (Note 3)

Authorized

2,500,000 shares of \$1.00 each

Issued and fully paid

1,812,775 shares (1959-1,612,775 shares)

1,812,775

1,612,775

CONTRIBUTED SURPLUS (Note 3)

400,684

120,684

EARNED SURPLUS

271,582

16,557

2,485,041

1,750,016

See accompanying explanatory notes to financial statements.

\$2,669,665

\$1,947,906

Statement of Operations and Earned Surplus

FOR THE YEAR ENDED JUNE 30, 1960

	1960	1959
Revenue		
Royalty income (Note 5)	\$ 255,109	\$ 145,228
Interest	2,471	—
Lease rentals	2,192	—
	<hr/> 259,772	<hr/> 145,228
Expenses		
Lease rentals	51,178	255
Management fees	23,294	15,523
Legal fees and expenses	16,437	35,422
Trust company fees and expenses	7,384	8,139
Compensatory royalties	4,958	9,944
Office and miscellaneous	4,609	4,013
Interest	3,869	3,625
Audit fee	2,475	1,650
Directors' fees	1,092	775
Engineering fees and expenses	411	9,573
	<hr/> 115,707	<hr/> 88,919
Profit before the following items	144,065	56,309
Add or (deduct)		
Sale of leases	50,010	
Depletion (Note 5)	(18,878)	(12,531)
Unproductive properties	(17,013)	
	<hr/> 158,184	<hr/> 43,778
Profit before income tax	3,600	—
Income Tax		
Net profit for the year	154,584	43,778
Earned surplus (deficit) at beginning of year	16,557	(27,221)
Net royalty income and interest received pertaining to previous years (Note 5) less depletion and un- productive properties	100,441	—
Earned surplus at end of year	<hr/> \$ 271,582	<hr/> \$ 16,557

PRAIRIE OIL ROYALTIES COMPANY, LTD.

AUDITORS' REPORT TO THE SHAREHOLDERS

Prairie Oil Royalties Company, Ltd.
Calgary, Alberta.

We have examined the balance sheet of Prairie Oil Royalties Company, Ltd. as at June 30, 1960 and the related statement of operations and earned surplus for the year ended on that date and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, subject to the outcome of the litigation referred to in Note 4, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and related statement of operations and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at June 30, 1960 and the results of its operations for the year ended on that date, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ROSS, TOUCHE & CO.
Chartered Accountants.

Calgary, Alberta.
October 24, 1960.

PRAIRIE OIL ROYALTIES COMPANY, LTD.

Explanatory Notes to Financial Statements

JUNE 30, 1960

1. ACCOUNTING POLICY

Acquisition and exploration costs of properties are capitalized as incurred. Costs of producing properties are depleted on the unit of production method based upon estimated recoverable reserves as determined by the Company's engineering representatives. Costs are written off as properties are determined to be unproductive.

2. INCOME TAX

No income tax was paid in previous years because of the excess of expenses and capitalized exploration costs over revenues. It is estimated that the excess has been absorbed in 1960, leaving a tax payable for the year of \$3,600. Inasmuch as no taxable income was reported in previous years no assessments have been received and the final determination of the tax position since commencement will have to await the completion of assessment procedures presently in progress.

3. CAPITAL STOCK

Capital stock and contributed surplus increased in 1959 and 1960 as shown below. Contributed surplus represents the amount of the stock consideration in excess of par value.

	Shares	Capital Stock	Contributed Surplus
Balance June 30, 1958	1,607,775	\$1,607,775	\$ 116,121
Issued for cash 1959	5,000	5,000	4,563
Balance June 30, 1959	1,612,775	1,612,775	120,684
Issued for properties 1960	200,000	200,000	280,000
Balance June 30, 1960	1,812,775	\$1,812,775	\$ 400,684

PRAIRIE OIL ROYALTIES COMPANY, LTD.

Options are outstanding entitling the holders to purchase shares of the capital stock of the company as follows:

Stock options exercisable at the rate of \$2.00 per share in U.S. funds on or after the dates indicated below and expiring October 31, 1961.

	<u>Shares</u>
November 1, 1955	2,800
November 1, 1956	3,500
November 1, 1957	3,500
November 1, 1958	3,500
November 1, 1959	3,500
November 1, 1960	3,500
October 1, 1961	<u>4,000</u>
	 <u>24,300</u>
Stock option warrants exercisable at the rate of \$1.25 per share in U.S. funds on or prior to April 5, 1962.	<u>63,745</u>
	 <u>88,045</u>

LITIGATION

Nine owners of freehold titles in Saskatchewan have commenced actions to rescind the transfers of mineral interests made by them to Freeholders Oil Company Limited. The Company's interest in these properties was acquired from Western Royalties Limited which in turn had acquired its interest from Freeholders Oil Company Limited. The Company is not at this time in a position to estimate the outcome, but intends to participate with Freeholders Oil Company Limited in defending the actions.

Production revenue from the properties under dispute is being held by a trustee. At June 30, 1960 the Company's portion of the undistributed income is estimated at \$40,000, no part of which has been taken into account in the accompanying financial statements.

ROYALTY INCOME

During the year the Company received previously undistributed earnings from freehold mineral rights in certain Saskatchewan properties which are jointly administered under trust agreement. Royalty income for the current year includes \$61,791 in respect of the properties, and the portion relating to previous years has been included in earned surplus. No portion of the earnings is included in the 1959 comparative figures.

PRAIRIE OIL ROYALTIES COMPANY, LTD.

Development - Production - Reserves

Development activity on Prairie's holdings in Saskatchewan continued at approximately the same level during the past year with a total of forty-two oil wells and one gas well having been completed. The major portion of this development drilling took place in the Benson, Midale and Weyburn fields of Southeastern Saskatchewan.

Thirty-six oil wells, in which Prairie holds varying royalty interests, were completed in the above fields, twenty of which were located in the south sector of the Weyburn field. Nine successful wells were drilled on Prairie acreage in the Midale field and six in the Benson field. This development drilling resulted in an additional 150,000 barrels of new oil reserves to Prairie's interest.

Prairie has 2 1/2% royalty interest in several parcels located in the area between the developed portions of the Weyburn and Midale fields. Continued development drilling in this area should result in additional oil wells on the Company's acreage during the coming year.

In the Swift Current area of Southwestern Saskatchewan two new wells were completed in the Instow unit, and one each in the Gull Lake, Midway and Battum fields. The Cantuar field in which Prairie has royalty interest in 94 oil wells was unitized in October 1959.

The Company's net production for the past year averaged 418 barrels of oil per day. Additional development and improved oil marketing conditions in the Midale and Weyburn fields have resulted in a one-third increase in production over the past year. Approximately one-half of the Company's production now is produced from medium and light gravity crude areas of Southeastern Saskatchewan and the remaining one-half from the medium and heavy gravity crude areas of Southwestern Saskatchewan. Prairie has producing interests in twenty different oil fields in Saskatchewan.

The Company's net recoverable oil reserves, as calculated by Devon-Palmer Oils Ltd. and checked by J. C. Sproule and Associates Ltd., were 1,270,877 barrels as of June 30, 1960. This shows a modest increase of 112,593 over the 1,158,284 barrels as of June 30, 1959. Thus the development of new reserves on Prairie's acreage has more than kept pace with production.

PRAIRIE OIL ROYALTIES COMPANY, LTD.

This is to certify that we have examined and approve in general the estimates of oil reserves of Prairie Oil Royalties Company, Ltd., as of June 30, 1960, as presented by the engineering and geological staff of Devon-Palmer Oils Ltd. Basic well data and production data were provided by Devon-Palmer Oils Ltd. and are accepted at this time by our firm. Total net Company proven drilled and undrilled reserves are given as 1,270,877 barrels.

All land and well descriptions as provided by Prairie Oil Royalties Company, Ltd. have been accepted as correct without investigation as to title or interest held.

Changes from the reserves estimates presented in our letter of October 7, 1959 appear to be reasonable, as additional performance data has become available and new wells have been drilled. Although we have not studied the estimates in detail, adjustments to previously existing reserves and the addition of new reserves have been calculated using factors comparable to our own.

J. C. Sproule and Associates Ltd.

Dated at Calgary, Alberta.
October, 31 1960

Land - Exploration

The Company now holds varied royalty and working interests in lands located in Manitoba, Northwest Territories and Saskatchewan. In addition the Company filed on 531,500 acres of permits in the Arctic Islands during the year under review. A discussion of the major developments in respect to the Company's land holdings follows:

In February 1960, Shell Oil Company of Canada, Limited gave Prairie notice that it was prepared to surrender approximately 73,000 acres of Saskatchewan Crown leases, on which Prairie held a 2 1/2% overriding royalty. Prairie accepted an assignment of 53,380 acres from Shell, allowing the remainder to be surrendered. An agreement was made with Ambassador Oil Corporation whereby Ambassador will acquire 50,010 acres of this land subject to a 5% overriding royalty reserved to Prairie. Ambassador has undertaken the firm obligation to drill at least four exploratory wells on or offsetting this acreage before January 1, 1961.

The Company negotiated a farmout of 1,920 acres to Imperial Oil Limited, reserving a 2 1/2% overriding royalty. A second farmout of 1,600 acres, reserving a 2 1/2% overriding royalty to Prairie, was made to Devon-Palmer Oils Ltd.

Prairie has maintained its interest in all its freehold mineral lands in Southeastern Saskatchewan.

In Southwestern Saskatchewan there has been no change in Prairie holdings. The Company holds a 1 1/4% overriding royalty on 356,548 acres in this area.

MANITOBA

There has been no significant change in Prairie's land position in Southwestern Manitoba.

NORTHWEST TERRITORIES - LIARD RIVER

Prairie has a 2 1/2% overriding royalty on 52,960 acres contained in Permit 479 and operated by Shell Oil Company. The permit lies twenty miles east-northeast of the Pan American Beaver River No. 1 gas discovery. This well in 1959 discovered gas at a depth of 8,520 feet and in 1960 was deepened to the Middle Devonian, where at least 350 feet of gas pay were encountered. This discovery is considered of great significance for the Liard River area.

D. TODD BRIGGS PROJECT

Prairie has a 3.7% interest in 1,962,352 acres located in the Tathlina Lake and Rabbit Lake areas of the Northwest Territories and operated as the D. Todd Briggs project. The acreage lies approximately 100 miles northeast of the Petitot River gas field of Northeastern British Columbia. Since the formation of the syndicate in 1954, a total of 24 exploratory wells have been drilled. This drilling has resulted in the discovery of the Rabbit Lake gas field. Two wells in this field have been completed with open flow potentials of 17 million and 11.75 million cubic feet per day. During the past year, one seismic crew and two drilling rigs were active on the Briggs project. Seven unsuccessful exploratory wells were drilled. Sufficient work credits have accrued from previous expenditures to retain all permits free until the fall of 1961. It is expected that, in the coming winter season, drilling near the Briggs project will be carried out by other operators.

ARCTIC ISLANDS

Prairie has filed on permit acreage totalling 531,500 acres in the Arctic Islands. It is planned to pool this acreage with other permits filed by associated companies, forming a syndicate which will hold a total of 4,672,000 acres. Prairie will have a 11.5% interest in this syndicate. The syndicate's acreage holdings will be well diversified through the Arctic Islands covering many different geologic prospects. Several major companies have filed on large holdings in the Islands and surface and aerial exploration is being conducted by these companies. Prairie and its partners are presently carrying out their own reconnaissance program.

PRAIRIE OIL ROYALTIES COMPANY, LTD.

British Columbia Oil Lands Ltd. (NON-PERSONAL LIABILITY)

Prairie holds 191,561 shares of British Columbia Oil Lands Ltd., representing 22.9% of the issued capital of that company. British Columbia Oil Lands Ltd. has interests in the Province of British Columbia, the Arctic Islands and the State of Alaska. Following is an outline of these holdings and activities thereon.

BRITISH COLUMBIA

British Columbia Oil Lands Ltd. has the following land interests in the Fort Nelson region, as illustrated on the accompanying map:

Area	Interest	Disposition of Land
454,783	25% carried	Farmed to Western Natural Gas Company, Inc.
1,474,437	12 1/2% carried	Farmed to Pan American Petroleum Corporation
92,160	25% carried	Farmed to Pan American Petroleum Corporation
30,406	15% working	Farmed to Pan American Petroleum Corporation

During the 1959-60 drilling season production casing was set on three wells located on British Columbia Oil Lands Ltd. acreage. Pan Am A-1 Komie a-51-A, located on Permit 309 (12 1/2% carried interest), has been completed as a Slave Point gas well. Unsatisfactory hole conditions prevented proper evaluation of this well, although it is considered as an important discovery. Pan Am A-1 Deer Lake a-90-1 on a short production test of the Middle Devonian flowed gas at the rate of 21 million cubic feet per day along with a spray of water. It is expected that Pan American Petroleum Corporation will attempt to recomplete this well during this coming winter season. The Deer Lake well lies on lands in which British Columbia Oil Lands Ltd. holds a 25% carried interest. The third well, Pan Am A-1 Cam Lake d-29-L, was suspended after flowing gas at the rate of six million cubic feet per day and water at 360 barrels per day on a production test of the Slave Point formation. This latter well is located on Permit No. 384 in which British Columbia Oil Lands Ltd. holds a 12 1/2% carried interest.

PRAIRIE OIL ROYALTIES COMPANY, LTD.

After extensive production tests Western Natural Gas Company, Inc. announced that the Gulf States Kotcho Lake No. 3 discovery of 1959 had an absolute open flow of 825,000,000 cubic feet per day, one of the largest open flows reported for a gas well in North America. British Columbia Oil Lands Ltd. has a 25% carried interest in this well and the permit on which it is located. Additional drilling in the 1959-60 season resulted in two more Slave Point gas discoveries in the Kotcho Lake area adjacent to British Columbia Oil Lands Ltd. acreage.

In the Petitot River field, one well was drilled last year. This well appears to be better than the discovery and has an absolute open flow of 185,000,000 cubic feet per day. British Columbia Oil Lands Ltd. has extensive holdings in the immediate vicinity.

During the past year, British Columbia Oil Lands Ltd. and its partners farmed out a 30,406 acre permit in the Petitot River area. Pan American Petroleum Corporation, in taking the farmout, made a large cash payment and agreed to carry out exploratory and development drilling on the permit at no cash cost to British Columbia Oil Lands Ltd. and associates. Pan American Petroleum Corporation by carrying out its commitments on this permit will earn a 60% working interest. British Columbia Oil Lands Ltd. will retain a 15% working interest.

It now appears that British Columbia Oil Lands Ltd. can look to an early market for gas from its properties. Gas Trunk Line of British Columbia Ltd. has announced that it expects to extend pipeline facilities to the Fort Nelson area by December, 1961.

With the anticipation of early markets for gas, it is expected that considerable development will take place on British Columbia Oil Lands' acreage in the next year.

ARCTIC ISLANDS

British Columbia Oil Lands Ltd. also holds a 11 1/2% interest in the Arctic Islands syndicate described in a previous section of this report.

ALASKA

British Columbia Oil Lands Ltd. holds a 50% interest in approximately 200,000 acres of leases and option lands in Alaska. Geophysical work has been carried out on this acreage and further exploratory work is planned.

PRAIRIE OIL ROYALTIES COMPANY, LTD.

Holdings AS AT JUNE 30, 1960

A. LAND

SASKATCHEWAN

1. 100 % mineral interest in approximately 3,929 acres of freehold land.
2. 56 1/4 % mineral interest in approximately 487 acres of freehold land.
3. 50 % mineral interest in approximately 10,451 acres of freehold land.
4. 30 % mineral interest in approximately 152,851 acres of freehold land.
5. 12 1/2 % gross royalty interest in 960 acres of freehold land.
6. 6 1/4 % gross royalty interest in approximately 38,021 acres of freehold land.
7. 3 3/4 % gross royalty interest in approximately 395,329 acres of freehold land.
8. 3 1/8 % gross royalty interest in approximately 640 acres of freehold land.
9. 7 1/2 % gross overriding royalty interest in 320 acres of Crown petroleum and natural gas lease lands in the Midale-Benson area.
10. 5 % gross overriding royalty interest in 80 acres of Crown petroleum and natural gas lease lands in the Midale field.
11. 5 % gross overriding royalty interest in 50,010 acres of Crown petroleum and natural gas lease lands in the Estevan-Midale area.
12. 2 1/2 % gross overriding royalty interest in approximately 391,080 acres of Crown petroleum and natural gas lease lands in the Estevan-Midale area.
13. 1 1/4 % gross overriding royalty interest in approximately 347,110 acres of Crown petroleum and natural gas lease lands in the Fosterton-Gull Lake area.
14. 100 % interest in 960 net acres of freehold petroleum and natural gas leases.

PRAIRIE OIL ROYALTIES COMPANY, LTD.

15. 100 % interest in 480 acres of Crown petroleum and natural gas lease lands in the Estevan-Midale area.
16. 10 % net carried interest in 160 acres of freehold petroleum and natural gas lease lands.

MANITOBA

1. 50 % interest in a 6 1/4% gross royalty interest in approximately 124,151 acres of freehold land.
2. 6 1/4 % gross royalty interest in approximately 7,542 acres of freehold land.
3. 50 % mineral interest in approximately 3,040 acres of freehold land.

NORTHWEST TERRITORIES

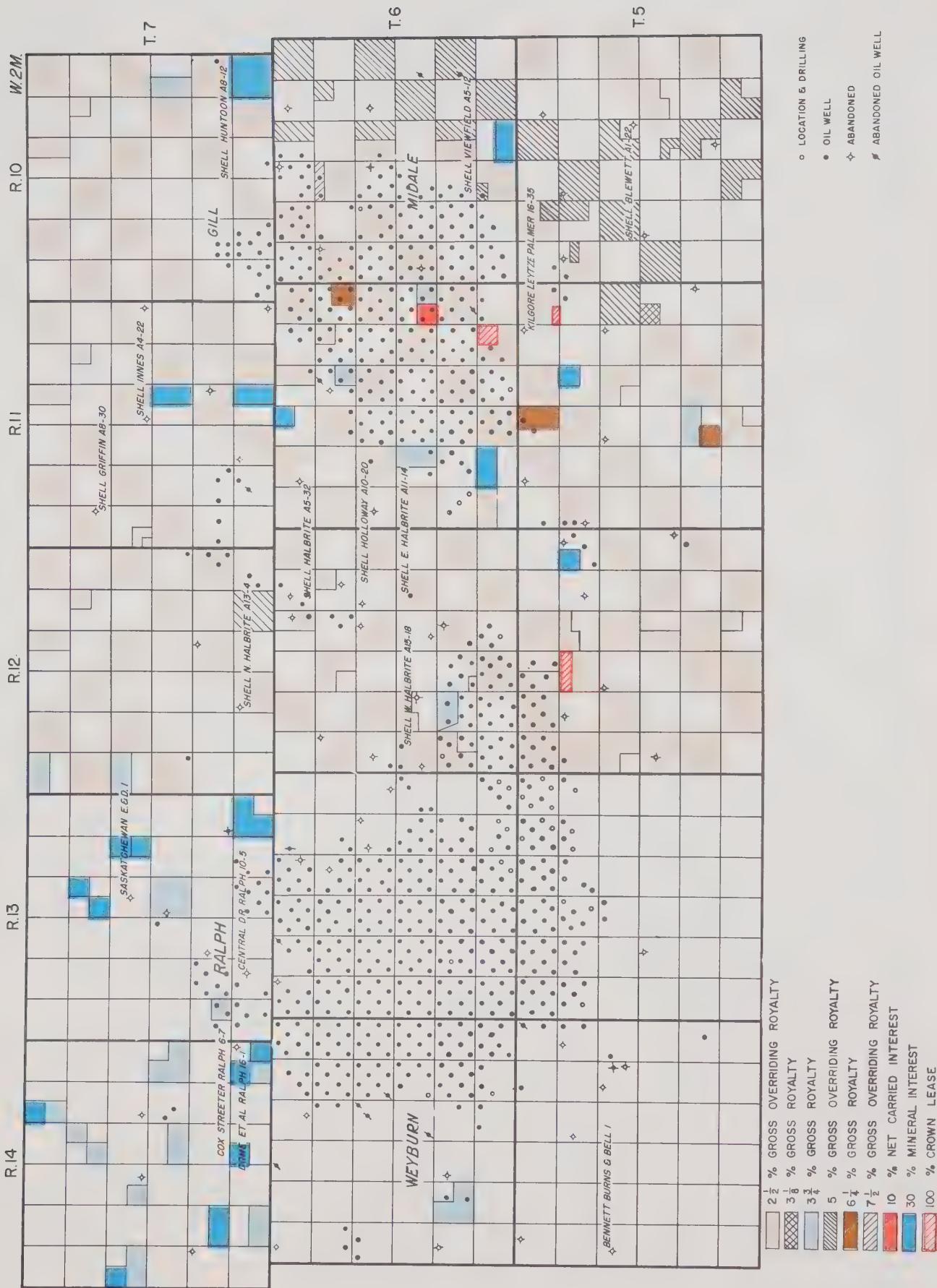
1. 2 1/2 % gross overriding royalty interest in Crown Petroleum and Natural Gas Permit No. 479, containing approximately 52,960 acres.
2. 3.7131 % ownership interest in thirty-seven Petroleum and Natural Gas Permits numbered 880, 886 to 888 inclusive, 890 to 910 inclusive, 921, 923, 924, 933 to 937 inclusive, 1386, 1387, 1526 and 1527, aggregating approximately 1,962,352 acres, in the southwestern portion of the Territories, in the upper MacKenzie District, south of Fort Simpson and Fort Providence and centered 70 miles west of Great Slave Lake.

B. OTHER COMPANIES

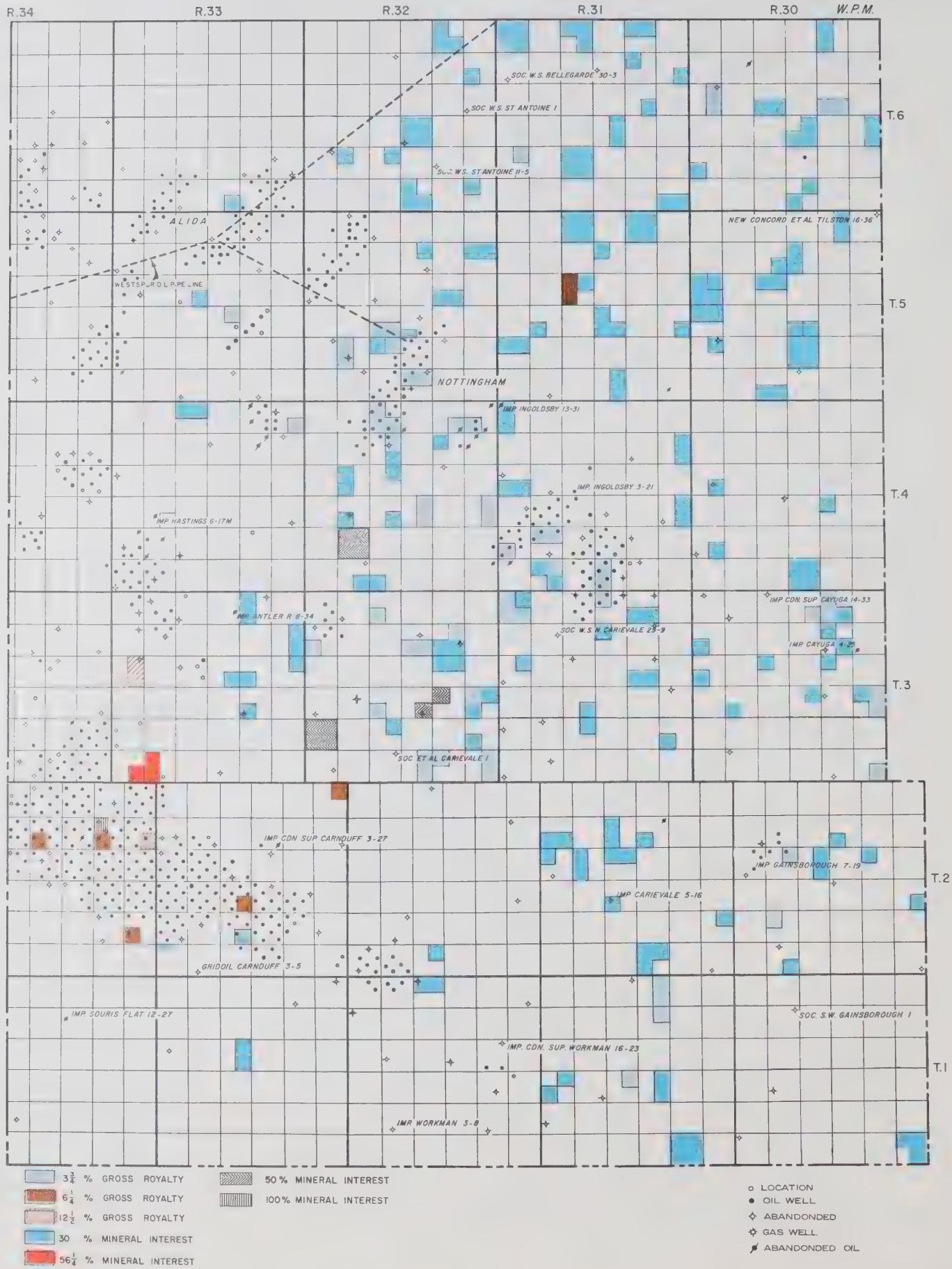
BRITISH COLUMBIA OIL LANDS LTD. (Non-Personal Liability)

1. 191,561 shares of British Columbia Oil Lands Ltd., an exploration company holding an interest in approximately 2,051,786 acres of Crown Petroleum and Natural Gas Permit lands in northeastern British Columbia. Pursuant to an agreement with a company registered to do business in Alaska, British Columbia Oil Lands Ltd. also holds a 50% interest in 100,000 acres of lease lands and an exclusive option to acquire a 50% interest in an additional 100,000 acres in Alaska.

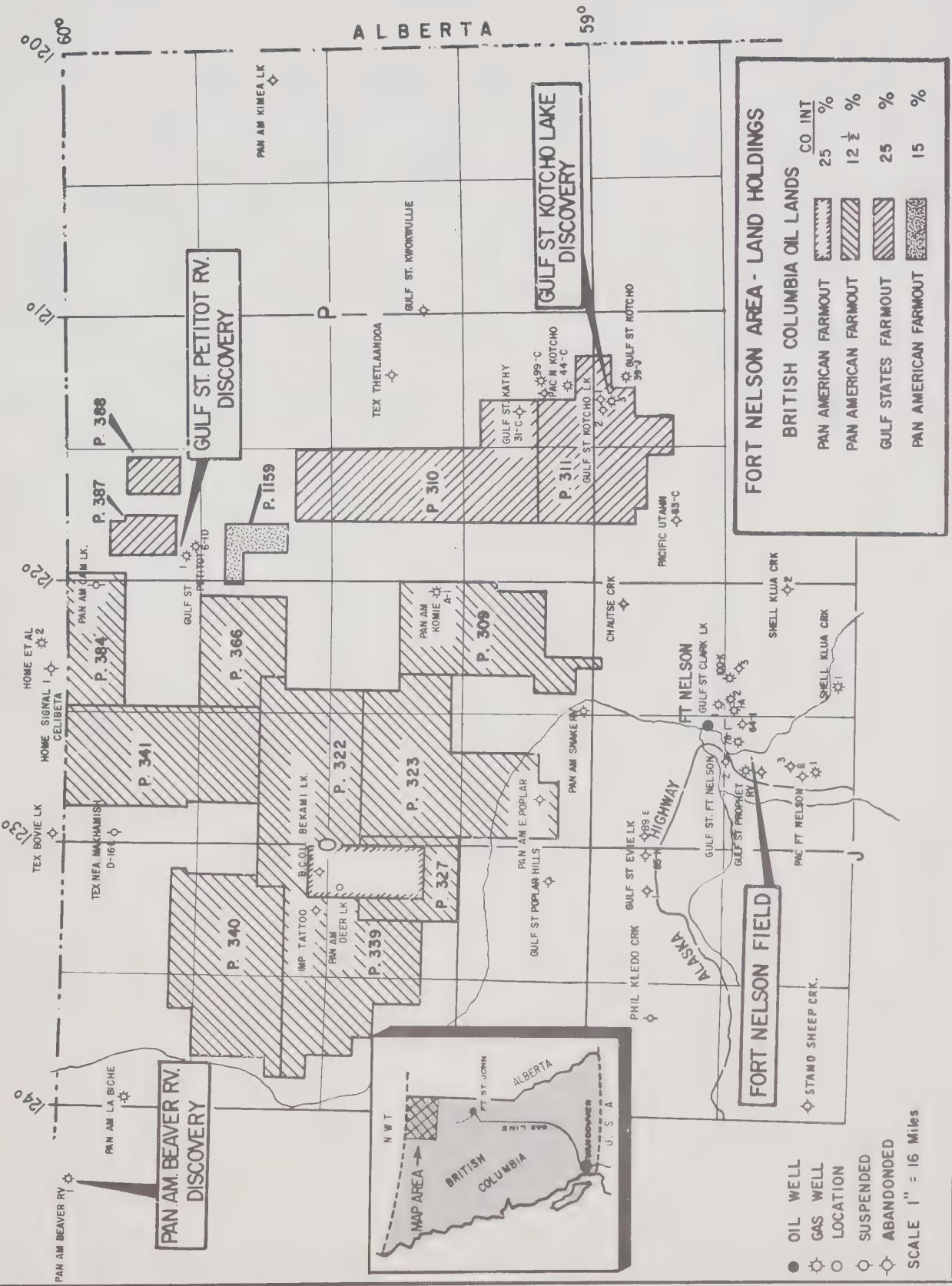
RALPH - MIDALE AREA



ALIDA-NOTTINGHAM AREA



NORTHWEST TERRITORIES



PRINTED IN CANADA

Prairie Oil Royalties Company, Ltd.

2236 Albert Street

Regina, Saskatchewan

Canada

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

January 29, 1960.

TAKE NOTICE that the Annual General Meeting of Shareholders of Prairie Oil Royalties Company, Ltd., will be held at 2236 Albert Street, Regina, Saskatchewan, on Friday, the 29th day of January, 1960, at two o'clock in the afternoon, for the purpose of receiving and considering the report of the Directors of the Company, the Balance Sheet, Statement of Operations and Auditors' Report for the fiscal year ended June 30, 1959, copies of which are enclosed herewith, electing Directors of the Company, appointing Auditors of the Company, and transacting such other business of the Company as may properly be considered at the Meeting.

SHAREHOLDERS of the Company of record at the date of the Meeting are entitled to vote at the Meeting.

If you are not able to be present at the said Meeting, kindly sign and return the enclosed Proxy, which is to be deposited at the registered office of the Company, 2236 Albert Street, Regina, Saskatchewan, Canada, not less than forty-eight (48) hours before the time fixed for the said Meeting.

DATED at the City of Regina, in the Province of Saskatchewan, this 10th day of December, A.D. 1959.

By Order of the Board of Directors,

PRAIRIE OIL ROYALTIES COMPANY, LTD.

Per: D. M. Tyerman,
Secretary.

PROXY STATEMENT

The enclosed proxy is solicited by and on behalf of the management of Prairie Oil Royalties Company, Ltd., for use in connection with the Annual General Meeting to be held January 29, 1960. All expenses in connection with this solicitation of proxies will be borne by the Company. Solicitation will be by mail and by regular employees of the Company.

All proxies delivered pursuant to this solicitation are revocable at the option of the person executing the same at any time before they are exercised. The shares represented by all validly executed proxies received as a result of this solicitation will be voted at the Meeting in accordance with any specifications made by shareholders therein, provided that such proxies are received at the registered office of the Company, 2236 Albert Street, Regina, Saskatchewan, Canada, not less than forty-eight hours before the time fixed for the said Meeting.

In case the address of a shareholder signing a proxy appears on the records of the Company to be in the United States, the proxy will not be used in connection with any vote on the Report of the Directors of the Company, the Balance Sheet, Statement of Operations and Auditors' Report.

The Capital Stock of the Company (the common or ordinary shares) is the only voting security of the Company. The Articles of Association of the Company provide that a resolution put to a vote at any general meeting shall be decided on a show of hands. Each member (shareholder) present in person is entitled to one vote or, if a poll is demanded, each member is entitled to one vote for each share held, which may be given in person or by proxy.

At any general meeting of members a poll may be demanded (before or on a declaration of the result of a show of hands vote) by at least two members and, upon a poll, votes may be given personally or by proxy. The proxy provides that the person or persons appointed as proxies therein and attending the Meeting will exercise their authority thereunder in demand of a poll upon every vote which is taken at the Meeting, except any vote on the Report of Directors of the Company, the Balance Sheet, Statement of Operations and Auditors' Report.

Shareholders of record at the date of the Meeting are entitled to vote in person or by proxy (if received as above) at the Meeting. The Articles of Association of the Company provide that three members (shareholders) personally present shall constitute a quorum, provided that in the event of adjournment for lack of a quorum, and a quorum not being present within half an hour from the time appointed for the adjourned meeting, the members present shall be a quorum. At the close of business on November 30, 1959, there were issued and outstanding 1,812,775 shares of Capital Stock of the Company.

RECEIVING AND CONSIDERING THE REPORT OF THE DIRECTORS, ETC.

The Report of the Directors of the Company and the Balance Sheet, Statement of Operations and Auditors' Report for the fiscal year ended June 30, 1959, are enclosed with this proxy statement and will be presented at the Annual General Meeting.

The affirmative vote necessary for approval of the Directors' Report and the Balance Sheet, Statement of Operations and Auditors' Report is: (1) if the vote is decided on a show of hands, not less than a majority of such shareholders of the Company as being entitled so to do, vote in person at the meeting, and (2) if the vote is decided on a poll, not less than a majority of the shares held by such shareholders of the Company as, being entitled so to do, vote in person or by proxy at the meeting.

ELECTION OF DIRECTORS

Action will be taken at the Annual General Meeting upon the election of three Directors of the Company. The Articles of Association of the Company provide that one-third of the Directors shall retire from office each year (or, if the number is not three or a multiple of three, then the number nearest to one-third shall so retire). In accordance with that provision, John B. Aird, Jack Coles and Winfield H. Perdun will retire as Directors, and it is intended that votes will be cast pursuant to the proxies for their re-election as Directors. The management has no reason to believe that they will be unable to serve as Directors if elected.

Information regarding the nominees and the Directors whose terms of office will continue after the meeting is stated in the following table, including the present principal occupations. The year in which each such Director's term of office will expire is stated after his name.

Names and Principal Occupation	Served as a Director Since	Owned Beneficially as of November 30, 1959		
		Shares	Option Warrants	Stock Options
JOHN B. AIRD, Toronto, Ontario, Canada. Barrister and Solicitor with Edison, Aird & Berlis, and President and Treasurer of the Company. (Nominee for term expiring 1962.)	June 1953	2,100	.....	5,000
R. R. RUSMISEL, New York, N.Y. Associated with Lehman Brothers, and an Assistant Secretary and Assistant Treasurer of the Company. (Term expires in 1960.)	July 1951	100	.....	5,000
ROSS H. FAULKNER, New York, N.Y. Associated with Lehman Brothers and an Assistant Secretary of the Company. (Term expires in 1961.)	July 1951	100	.....	5,000
JACK COLES, New York, N.Y. Personal Investments. (Nominee for term expiring in 1962.)	July 1951	32,830	34,809	.....
BENJAMIN HEFFNER, New York, N.Y. Attorney with Heffner, Block & Block. (Term expires in 1960.)	July 1951	3,338	2,000	.....
JOSEPH H. HIRSHHORN, New York, N.Y. Investor. (Term expires in 1961.)	July 1951	415,926	17,426	.....
ROGER JEANTY, Toronto, Ontario, Canada. Executive Assistant to the President, The Rio Tinto Mining Company of Canada Limited. From 1955 to 1957 Mr. Jeanty was Executive Vice-President and General Manager and a director of Inland Cement Company Limited, Edmonton, Alberta, from 1957 to 1959 he was Vice-President, The Pyrites Company, Inc., Wilmington, Delaware. (Term expires in 1960.)	October 1959	500	.....	.....
M. A. MacPHERSON, Regina, Saskatchewan, Canada. Barrister and Solicitor with MacPherson, Leslie & Tyerman. (Term expires 1961.)	July 1951	1,204	.....	.....
WINFIELD H. PERDUN, New York, N.Y., Partner of Smith, Barney & Co., Investment Bankers. (Nominee for term expiring 1962.)	January 1957	100	.....	.....

Notes: The Option Warrants above referred to entitle the holders thereof to purchase shares of the capital stock of the Company at \$1.25 per share (U.S. Funds) exercisable on or before April 5, 1962. The Stock Options above referred to entitle the holders to purchase shares of the capital stock of the Company at \$2.00 per share (U.S. Funds) and expire on October 31, 1961.

Mr. Hirshhorn does not hold any of the foregoing securities of record which he does not own beneficially. The shares owned by him constitute approximately 22.9% of the outstanding shares, and the Option Warrants owned by him constitute approximately 27.4% of the outstanding Option Warrants.

Mr. Jeanty is Vice-President of Devon-Palmer Oils Ltd., which, together with its wholly-owned subsidiary Canamerican Land and Exploration Company Limited, owns 251,270 shares of the capital stock of the Company, or approximately 13.9% of the outstanding shares.

REMUNERATION

During the last fiscal year, no remuneration was paid by the Company to any Director or Officer of the Company except Directors' fees in the amount of \$1,250.00. This amount does not agree with the Company's financial statements due to an adjustment made by the Company's auditors for Directors' fees authorized and set up in the Company's books for the year 1958 which were subsequently cancelled.

APPOINTMENT OF AUDITORS

As set forth in the Notice, action will be taken at the Annual General Meeting upon the appointment of Auditors for the current fiscal year. It is intended that the proxies hereby solicited will be exercised in favor of the appointment of Ross, Touche & Co., Chartered Accountants, the present auditors of the Company. The Company knows of no relationship between Ross, Touche & Co. or any of its associates and the Company or any of its affiliates.

OTHER BUSINESS

While there is no other business than that mentioned above to be presented for action by the shareholders at said Annual General Meeting, it is intended that the proxies hereby solicited will be exercised upon any other matters and proposals that may properly come before the Meeting, or any adjournment or adjournments thereof, in accordance with the discretion of the persons authorized to act thereunder.

Dated this 10th day of December, A.D. 1959.

By Order of the Directors,

D. M. TYERMAN, Secretary.